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A. I. MIKOYAN

THE
CAMP OF SOCIALISM
AND THE
CAMP OF CAPITALISM



FOREIGN LANGUAGES PUBLISHING HOUSE

A. I. MIKOYAN

**THE
CAMP OF SOCIALISM
AND THE
CAMP OF CAPITALISM**

SPEECH

**AT AN ELECTION MEETING IN THE
EREVAN-STALIN ELECTORAL DISTRICT
MARCH 10, 1950**



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Comrades electors,

After the four years that have passed since the last elections, I am glad to meet you again, and to thank you with all my heart for the great confidence you have shown me and for the cordial words with which you have greeted me, words that have been uttered at many meetings. (*Applause.*) As a Bolshevik, I take all that has been said here as applying to our invincible Party of Lenin and Stalin, under the leadership of which we have achieved victories of world-historical importance. (*Applause.*)

On the eve of the great holiday, as general elections are in our country, we can say with satisfaction and just pride that the chosen representatives of the powerful bloc of Communists and non-Party masses, like the whole of the Soviet people, have done no little for the good of our great Motherland; that all of us will go to the ballot box to elect the new Supreme Soviet, the supreme organ of our Socialist State, with a clear conscience, open face and uplifted head. As was the case in previous elections, the gaze of all the people in our country and of all the honest, common people of the whole world, is turned towards the one whom the people call their premier candidate—towards Comrade Stalin—the great architect of Communist society. (*Loud applause.*)

At election meetings, in the press and in the appeal of the Central Committee of our Party to all electors, the

victories our country has achieved during the past four years have been summed up and the tasks before the Soviet people have been defined. Therefore, in my speech I will touch upon only a few questions.

I

ASCENT IN THE CAMP OF SOCIALISM, DECLINE IN THE CAMP OF CAPITALISM

Great Lenin, who created our State, said that the strength of a given country can be tested by war. We have come through such a test with honour. But Lenin also said on more than one occasion that the strength of a country is tested not only by war, but also by the way it copes with the aftermath of war.

In the work of rehabilitating and further developing our national economy in the postwar period, the socialist system has displayed the same vitality and powerful dynamic force as it did during the war. This cannot be said about the capitalist system. The economy of the fascist states collapsed under the weight of military defeat, while the economy of the bourgeois victor countries is revealing utter bankruptcy and effeteness, which strikingly confirms the truth of the law, discovered by Lenin and Stalin, that imperialism is moribund and decaying capitalism.

Of all the capitalist countries, the United States emerged from the war with most chances of successful development. As was the case in the previous war, the American monopolists made fortunes out of the blood and tears of the people whom criminal imperialism had plunged into this war.

The war led to the elimination from the world market of America's dangerous competitors, Germany, Italy and

Japan, and weakened other capitalist competitors in the camp of the allies in the second world war. The most important markets of the world have fallen mainly into the hands of the American monopolists.

Taking into account the fact that the war raged far away from America, and, as the newspapers have reported, that the number of American soldiers killed did not exceed the number of victims of automobile accidents in peacetime, the luckless navigators of the present-day ship of capitalism imagined that American capitalism had glorious prospects before it. They believed that, to use Comrade Stalin's picturesque expression, in this world scrap they would get the buns and pies, while the U.S.S.R., which bore the main brunt of the war, would get the bumps and black eyes and, as a result, would have to go cap in hand to rich Uncle Sam. Life, however, upset all these calculations, which were built on sand. The glorious prospects actually turned out to be a gloomy reality. Soon after the war, the United States began to slip into a new economic crisis, which is rousing fear and uncertainty in the capitalist countries.

Lacking the strength to check the growing crisis, the imperialist rulers of the United States are exerting all their efforts, are resorting to every patented and unpatented means to retard its development, to soften its blows and to shift its burdens to the shoulders of others. The newly invented "talismans" against the crisis, which is inevitable under the rule of capitalism, and the soothing assurances of these ruling circles may, for a time, create the semblance of an easement of the situation and, only for a time, stop the panic caused by fear of the consequences of the crisis.

But as the popular saying goes, there has never been, nor is there, a philosophy that can stop a toothache. Similarly, there is not, nor can there be, a means by which the capitalists can stop the crisis of capitalism.

Of course, it is possible to abolish crises, but how?

"If capitalism could adapt production," said Comrade Stalin, "not to the acquisition of the maximum of profits, but to the systematic improvement of the material conditions of the mass of the people, if it could employ its profits, not in satisfying the whims of the parasitic classes, not in perfecting methods of exploitation, not in exporting capital, but in the systematic improvement of the material conditions of the workers and peasants, then there would be no crisis. But then, also, capitalism would not be capitalism. In order to abolish crises, capitalism must be abolished."¹

That this is the case is vividly proved by the development of our country. The October Socialist Revolution abolished capitalism in our country. The Soviet system, as Lenin and Stalin prophesied, soon revealed its decisive superiority over the capitalist system of economy. It cannot be said that the Bolsheviks, who took the fate of our Motherland into their hands, received a rich legacy from tsarist Russia. On the contrary, it was a legacy of age-long industrial and cultural backwardness. Even after we had restored the national economy that had been wrecked by the imperialist and civil wars, as regards industrial production, the Soviet Union was still near the bottom of the list among the great powers.

Twenty-five years ago the Soviet Union did not have such extremely important branches of industry as tractor, automobile and aircraft building. We had no developed machine-tool making industry, no modern metallurgical industry, no really developed agricultural machine industry.

In volume of output the Soviet Union occupied only fifth place among the great powers, and in some branches it was still further behind. For example, as regards

¹ J. V. Stalin, *Leninism*, Vol. II, Moscow 1933, p. 253.

the production of electric power, the Soviet Union occupied twelfth place, output of coal ninth place, output of pig iron seventh place, cement ninth place, and sugar sixth place.

In spite of this, the immense advantages of crisisless, planned, socialist economy enabled us to make a tremendous leap from backwardness to progress. Already in 1929, at the beginning of our powerful spurt, Comrade Stalin prophesied that the time was not far distant when we would be able to see which countries were to be classed among the so-called advanced civilized countries and which should be placed in the list of backward ones.

On the eve of the Patriotic War the Soviet Union had already outstripped the capitalist countries in technical development and rapidity of development, and had set itself the task of catching up with the richest of them in economic respects.

As a result of the successful execution of the Stalin Five-Year Plans, the Soviet Union became the strongest industrial power in Europe, and in volume of output took second place in the world, thus outstripping countries like England, France, Germany, Italy, and others. Who can doubt that, had there been no war, the U.S.S.R. would now be stepping very, very hard on the heels of the United States, which is a long way ahead of the others?

We are living in a period when the question: "Who will win?" within our country has long been settled in favour of Socialism. The question: "Who will win?" stands today only in the international arena.

The objective trend of historical development creates for us the gratifying prospect of this question being settled in the international arena too in favour of Socialism.

You must bear in mind that the economic strength of a social system is determined not so much by the level

already achieved in industrial and technical development, as by the rate of economic development.

Here the same law operates that Comrade Stalin laid stress on during the war. Victory is achieved by the side whose strength is steadily and progressively increasing, and the side whose strength is declining must perish.

This law is evident from the following figures:

VOLUME OF INDUSTRIAL PRODUCTION: % OF 1929

	1929	1937	1938	1946	1947	1948	1949
U.S.S.R.	100.0	428.9	478.5	466.4	570.8	720.9	862.0
U.S.A.	100.0	102.7	80.9	154.5	170.0	174.5	159.5
England	100.0	123.7	115.5	111.2	121.1	135.0	142.0
France	100.0	81.7	76.1	69.0	75.0	82.3	90.3
Belgium	100.0	96.3	79.0	71.3	82.8	89.6	94.0

As is evident from this table, from 1929 to 1937, and onwards up to the Soviet-German war, the Soviet Union was steeply on the upgrade. In eight years its industrial production increased more than fourfold. The war not only checked this growth, but inflicted frightful destruction upon the productive forces of our country.

Comrade Stalin has pointed out that the war the Soviet people waged against the German fascist hordes was "...the fiercest and most arduous ever fought in the history of our Motherland."¹

It is sufficient to recall that the German fascist army occupied Soviet territory with a population of 88,000,000, territory that had accounted for 33 per cent of our whole industrial production and 47 per cent of the cultivated area of our country. The German fascist invaders convert-

¹ J. V. Stalin, *Speech Delivered at an Election Meeting in the Stalin Electoral District, Moscow, February 9, 1946.* Moscow 1946, p. 8.

ed the flourishing towns and villages, the factories and mills and the sovkhozes and kolkhozes in the Soviet territory they temporarily occupied into heaps of ruins and ashes. No other country in the world suffered such destruction. Consequently, in 1946, volume of industrial production in the U.S.S.R. amounted to 75 per cent of that of the prewar year 1940 and dropped almost to the level of 1937. In spite of this, in the postwar period, the industry of the U.S.S.R., as is evident from the figures quoted, has made enormous progress, and industrial output is today nine times that of 1929.

It must be said that our principal rival—the United States, has been historically lucky. Since the end of the Civil War in America, that is, since 1865, there have been no wars in that country, and the wars in which America has participated, far from undermining her economic strength, have been, on the contrary, sources of enrichment for the capitalist monopolies.

During the same eight years—from 1929 to 1937—the eve of a new economic crisis and of the world war, after the extremely severe crisis of 1930, the United States entered a period of stagnation and depression, and during the eight years, production rose only 2.9 per cent. In 1938, a new economic crisis gave the United States another setback and pushed her down below the 1929 level; that is to say, in 1938, before the outbreak of the new world war, the United States was 80 per cent of the 1929 level. It was only the world war—from 1939 to the end of 1941 without the U.S.A.'s participation, and later with it—that revived the U.S.A.'s economy and caused a large increase in production and in the profits of the monopolies. But already in the middle of 1944 a decline was observed in industrial production, which continued until the beginning of 1946. In 1946, industrial production amounted to only 71 per cent, and in 1948 reached only 80 per cent of that of 1943. In 1946, the economy of the United States

entered a brief period of industrial boom, lasting until 1948, due to the fact that in the home market, and in the markets of other countries, an enormous unsatisfied demand had arisen for all industrial and agricultural commodities. At the end of 1948, however, the economic wheel of the United States, and of the whole capitalist world, turned back, as a result of which the United States dropped approximately to the level of 1946; the level of production in one crisis year, 1949, dropped 10 per cent compared with 1948, and from October 1948 to October 1949 it dropped 22 per cent.

Had there been no second world war, the economy of the United States would now be in a state of depression and would be marking time at approximately the level of 1929, or even lower. In the case of ordinary, classical, capitalist crises of overproduction, the sharp drop in the level of business activity is followed by a period of stagnation, by so-called depression, after which comes a revival, the renovation of industrial equipment and the further development of capitalism above the boom peak it had reached before the crisis. In the period of the general crisis of capitalism, however, the situation is different: depression is not followed by a boom, and this was the case in the whole of Europe and in America after the 1930 crisis. In 1938, America, and the whole of capitalist Europe, entered another economic crisis and dropped below the 1929 level; and it would have remained in a state of depression like that after the 1930 crisis had it not been for the second world war, as a result of which the industry of the United States renovated its equipment, entered a period of revival and rose above the production level that existed on the eve of the 1938 crisis.

As the table shows, notwithstanding the favourable influence the war exercised upon the growth of United States economy, during the twenty years the level of United States production rose only 59 per cent, i.e., an average

of 2 per cent per annum, whereas in the Soviet Union, during the same twenty years, the period of the prewar and postwar Stalin Five-Year Plans, the average growth was 20 per cent per annum. Thus, the operation of the economic laws of industrial development shows that the rate of growth of the economy of socialist society is ten times faster and more intense than that of the most powerful capitalist country.

In England, from 1929 to 1949, the level of industrial production rose only 42 per cent and the rate of increase was 1.8 per cent per annum; if we take the period from 1913 to 1949, the rate will be 0.9 per cent, i.e., less than one per cent.

European capitalist countries like France and Belgium, which sustained little damage during the war, cannot, try as they may, reach the level they had reached twenty years ago.

All this proves the fundamental superiority of the Soviet system and ensures us victory in peaceful rivalry with capitalism.

The new social system in the People's Democracies in Central and Southeastern Europe has also been able, in a short space of time, to demonstrate the superiority over capitalism of the people's democracy regimes in these countries, which have taken the path of Socialism and of economic and political collaboration with the U.S.S.R. Whereas Marshallized Europe is writhing in the grip of a growing economic crisis, the economic development of the People's Democracies is continuously proceeding at an increasingly rapid rate; they are successfully rehabilitating their national economy and are rapidly proceeding along the path of building Socialism.

The socialist sector of the economy of these countries has grown immensely stronger and now occupies a predominant position in industry. In Czechoslovakia, for example, 97 per cent of the total industry belongs to the

state, in Poland 96 per cent, and in Hungary 92 per cent. The situation is the same in the other People's Democracies in Europe. Agriculture in the People's Democracies has also started on the upgrade.

The profound social changes that have taken place in these countries have enabled them to take the path of planned socialist development, to eliminate crises, and to rid the masses of the horrors of unemployment.

These countries are utilizing the experience of the Stalin Five-Year Plans; they are following the wise instructions of Lenin and Stalin on the principles of socialist planning and the example of our Soviet people in the creative execution of plans by the development of socialist emulation.

The People's Democracies have achieved important successes in industrialization, which is the key to the general upswing of the national economy. Industrial output has exceeded the prewar level. In Poland, for example, industrial output in 1949 rose 74 per cent above the prewar level, and in Hungary 40 per cent. The peoples of Czechoslovakia and Rumania have achieved important successes in still further raising their industry. Bulgaria, Albania, the Mongolian People's Republic and the Korean People's Democratic Republic are confidently proceeding along the path of conversion from agrarian into industrial-agrarian countries.

The great Chinese people, having established their new, people's-democratic form of government, have begun planfully to restore and develop their national economy, which has suffered such severe damage as a result of Japanese occupation, of the prolonged war against the Japanese invaders, and also of the civil war against their own compradore bourgeoisie and its leader Chiang Kai-shek.

As a result of the upswing of industry and agriculture there has been a considerable improvement in the mate-

rial welfare of the working people in the People's Democracies—the pay of workers and office employees and the incomes of the working peasantry have increased. For example, in Poland, the pay of workers and office employees has risen 26.6 per cent above the prewar level; consumption per head of the population has risen above the prewar level as follows: wheat 29 per cent, meat 19 per cent, sugar 64 per cent, eggs 50 per cent, woollen fabrics 55 per cent.

The question is: What is the secret of the important successes the People's Democracies have achieved in raising their national economy and improving the welfare of their working people? The secret is that the people of these countries have taken their fate into their own hands, they have established true democracy, and are working for their own benefit and not for the benefit of capitalists; that in the People's Democracies the socialist law of development is already operating, viz., continuous increase in production, increase in productivity of labour and improvement in the material welfare of the working people. Conscious of the joy of free, creative labour, the people in these countries are achieving a continuous rise of their national economy.

The world today is split up into two camps: the camp of capitalism and the camp of Socialism. The countries in the camp of Socialism cover over one-fourth of the globe and have a total population of about 800,000,000, i.e., over a third of the population of the globe. The countries in the camp of Socialism are developing according to economic laws which ensure a crisisless and continuous increase in productive forces, growth of production and improvement in the welfare of the masses. In the camp of capitalism the elemental force of competition, thirst for profit, and mutual struggle, deception and corruption reign; economic and political decay is causing the destruction of productive forces, the enrichment of a

handful of capitalists, and the impoverishment of the masses of the people.

The contrast between the two camps can be vividly seen in Germany. Whereas in Democratic Germany there is no unemployment, industrial production is growing rapidly and in 1950 will reach the 1936 level, in Western Germany, where everything is being done according to American models and recipes, the number of unemployed has reached 2,000,000 and industry is not being restored.

To tell the truth, the position of the West-German capitalist magnates is not to be envied, in spite of the fact that the Americans have given them a free hand to rob the people of Western Germany. Their position is quite unenviable because the Americans have seized all Germany's prewar markets in Latin America, Africa and Asia; in some places they have been seized by the English. They also control all the sources of raw materials, and the German industrialists are entirely dependent upon them. The Americans and English have also laid their hands on Germany's European markets. Her American masters forbid her to trade with the People's Democracies, with the Soviet Union, and now with revolutionary China and North Korea, although Central and Eastern Europe, the Soviet Union and China have been the principal markets for German goods and sources of raw materials. The Americans themselves do not buy German manufactured goods as they do not wish to do anything detrimental to the interests of their own industrialists. Moreover, they have deprived developed West-German industry of a considerable part of the German market, for they prohibit trade between Western Germany and Democratic Germany. And this is not all. On the pretext of helping Germany under the Marshall Plan, they have, on the cheap, flooded Germany with goods which she herself can produce in abundance.

Instead of raw tobacco, Germany has to import ciga-

rettes from America, while many of her cigarette factories are standing idle; she has to import American shoes instead of leather for her shoe factories, which have no work; instead of maize and oil cake for her cows—the fresh milk from which could easily supply all the needs of the German people, as was the case in the past—she has to import American milk powder. Germany has to import wood pulp, although her own supplies are adequate and many mills are idle because of American competition. The American imperialists are playing the same tricks on the German people in many other branches of industry in Western Germany.

Although they have been given a free hand to rob the workers of Western Germany, the German capitalists find themselves unable to carry out their mission because industry cannot be developed without foreign and home markets. Hence the stagnation and desolation of life in Western Germany, in contrast to the continuous progress of Democratic Germany.

Such is the fundamental contrast between the two camps.

II

INTENSIFICATION OF THE ECONOMIC CRISIS AND THE FOREIGN TRADE EXPANSION OF THE UNITED STATES

Whereas the national economy in the countries in the camp of Socialism is in a state of rapid efflorescence, the economy of the capitalist countries has slipped into a period of inavertible crisis. The army of unemployed and semi-unemployed in the capitalist countries now, in the beginning of 1950, numbers 45,000,000. In the United States alone, the actual number of unemployed and semi-unemployed is about 18,000,000. According to official

American figures, the number of unemployed in January this year was nearly a million more than in December last year. Unemployment is growing rapidly in the Marshallized countries of Europe—Western Germany, Italy and Belgium. The decaying state of the capitalist system manifests itself in its inability to provide the worker with employment, which is his sole means of existence.

The conditions of the working people in the capitalist countries are steadily deteriorating. Nor can it be otherwise, for the impoverishment of the masses is a law of capitalism.

The vices of the capitalist system stand out in all their hideous relief. While forming blocs, concluding military alliances and fomenting a new war, the imperialists are at the same time, in the face of danger, acting on the principle: "Every man for himself."

As a result of the second world war, the economic strength and political influence of England, France, Holland, Belgium and of other European colonial powers have greatly diminished. The ground has shaken under the feet of the European colonial powers who own an excessively large number of colonies which they are now unable to govern, and they are compelled to yield to the pressure of the huge capitalist monopolies of America, which feel full of vigour and are straining to seize colonies and acquire new markets for their goods, and fields for the investment of their capital. This has given rise to a new struggle for colonies and their markets, and this struggle has assumed a new form. Since the redistribution of colonies among the victor countries by peaceful means is impossible, because the colonial powers do not wish to surrender their colonies to anybody, American capital, while allowing these colonies to remain under the rule of the European colonial powers, is striving for an open door for dollars and actually to capture these colonies economically.

The struggle for colonies and markets between the British and United States governments is becoming more and more acute. The antagonisms between them are so great that they cannot be restrained, much as the two governments are trying to do so.

An example of the Anglo-American struggle is provided by the conflict that has flared up between the British and American oil companies over markets.

The American oil companies have actually begun to capture the markets in Britain's possessions. To save the positions of the British oil companies, the British government has forbidden a number of British colonies to buy American oil products and has compelled them to buy such products from British companies. This was done on the pretext of reducing the expenditure of dollars on oil products.

The American oil companies are trying through Congress and the State Department to compel England to yield and to open the door for the American oil companies. Things have gone so far that Connally, the chairman of the Congress Committee, delivered a speech threatening to deprive England of "assistance" under the Marshall Plan if she refused to yield to the demands of the American oil monopolies.

United States foreign trade expansion has found expression in an enormous growth of exports and imports after the war compared with the prewar period, as is evident from the following figures (*in millions of dollars*):

Year	Exports	Imports	Excess of exports over imports
1938	3,094	1,960	1,134
1947	15,340	5,733	9,607
1948	12,614	7,070	5,544
1949	10,146	5,426	4,720
(10 months)			

American foreign trade reached its peak in 1947, when exports accounted for 31 per cent of total world exports, compared with 14.1 per cent in 1938. As is evident from the figures quoted, excess of exports over imports in the postwar years ranged approximately from 4,700 million to 9,600 million dollars per annum.

It must be noted that as a result of the competition of other capitalist countries, the United States' share of the world's exports in 1948 amounted to 22.8 per cent. United States exports began to fall in the latter half of 1947, and during 10 months of 1949 dropped 20 per cent below those of the corresponding period of 1947.

The incurable disease from which capitalist America is suffering is that she cannot, and will not, import goods to the same amount that she exports, but, on the contrary, wants to export more. The result is an excess of exports over imports, which the United States balances by pumping gold out of the countries which import American goods, by granting credits, and by grants under the Marshall Plan.

The high prices of American goods, which on a number of most important items are three or four times above the prewar level, led to the rapid exhaustion of the foreign currency resources of most of the capitalist countries and to the expenditure of the sums received from the United States in the form of loans.

This led to an increase in the United States' gold reserve from 14,500 million dollars at the end of 1938 to 24,600 million dollars at the end of 1949. On the other hand, during the same period, the gold reserve of France diminished from 2,760 million dollars to 523,000,000 dollars, that of England from 3,450 million dollars to 1,590 million dollars, that of Sweden from 321,000,000 dollars to 70,000,000 dollars, that of Holland from 998,000,000 dollars to 195,000,000 dollars.

As is known, America does not export but imports gold, i.e., she buys gold from countries which possess it but need dollars to pay for imports; and as the purchasing power of the dollar has dropped to almost half of what it was before the war, the artificial rate of exchange makes it possible to buy foreign gold for paper dollars at the prewar price, which is half its real value. In this way, during and since the war, the United States made a profit of 10,000 million dollars by purchasing gold, and this enables the Americans to appear generous and supply goods in the way of "assistance" under the Marshall Plan.

The impossibility of ensuring a further growth of the export of surplus stocks of goods with the aid of credits and loans to foreign states played some part in inducing the United States to adopt the new form of financial expansion, viz., the Marshall Plan.

To provide work for the heavy industries and to retard the development of the crisis of overproduction in these industries, the United States government is increasing the production of armaments and other means of unproductive consumption, instead of increasing real wages, building schools and hospitals, and carrying through other measures needed by the people. By means of all sorts of taxes it is pumping out of the American people vast sums for the payment of special export subsidies.

In this connection, the following fact is noteworthy: according to the statistical handbook *Labour Fact Book*, published in New York in 1949, federal taxes in the United States increased from 8,000 million dollars in 1941 to 47,500 million dollars in 1950, as estimated in the Budget presented by Truman.

Parallel with this, farmers' incomes in the United States, in 1949, were 17 per cent less than in 1948, and in 1950 a reduction of 28 per cent is anticipated.

Why do the Americans need the Marshall Plan?

The American monopolies are using this plan for the purpose of selling unusable stocks of goods, which cannot be sold in the home market, for the purpose of staving off the crisis and of imposing their rule upon the economy of other countries. That this is the case is evident from the character of the goods exported to these countries. The bulk of the goods supplied to the West-European countries are coal, agricultural produce and consumers' goods. Most of these goods could be produced in the West-European countries themselves, or obtained in the European market.

According to the United States Customs' returns, exports of wheat, flour, coal and cotton fabrics in 1948 were considerably higher than in the prewar year 1938. Here are the figures:

Item	Unit of Measurement	1938	1947	1948
Wheat . . .	Thous. tons	2,365	4,552	8,913
Wheat flour .	" "	464	3,453	3,813
Coal	Mill. tons	11.2	69.9	47.7
Cotton fabrics . . .	Mill. sq. yards	316	1,480	940

It is characteristic that the United States' share of the imports of Japan, where the American occupational authorities are in absolute control, amounted in 1947 to 92 per cent, that is to say, the Japanese market was almost completely closed to the goods of other countries. In 1948, the United States' share of the imports of Western Germany amounted to 60 per cent, and the items, quantities and prices of the goods imported were determined by the American occupational authorities.

To rehabilitate their economy, the European countries need industrial equipment, but it is not in the inter-

est of the United States monopolies to have the industry of the European countries restored, and so they refuse to supply equipment for many branches of industry. It is characteristic that in eighteen months, all the West-European countries received under the Marshall Plan mining equipment (which they sorely need) amounting to 31,000,000 dollars and metalworking equipment amounting to 35,000,000 dollars, whereas tobacco amounted to over 110,000,000 dollars.

Before the war, Europe never imported American coal. In 1947, the United States exported to the West-European countries 38,000,000 tons of coal; the United States took advantage of the ruination of Europe to provide incredible profits for her coal monopolies and shipping companies. American coal cost the European consumers 18-20 dollars per ton, compared with the prewar price of 4-5 dollars per ton paid for coal obtained from European countries.

The Marshall Plan laws passed in the interests of the United States flour mill monopolies deliberately provide that 25 per cent of the wheat supplied to importing countries must be in the form of flour.

As a result, the European countries which have a developed flour milling industry have been transformed into flour importers, and the flour mills in these and other countries have been closed down or are running under capacity in order that the American flour mill monopolies may make double and treble profits out of the export of flour. For example: in 1947, Italy imported 492,300 tons of flour, 70 per cent of which was imported from the United States, as against 15,100 tons imported in 1938. In 1948, Western Germany imported 480,000 tons of flour, exclusively from the United States.

The United States is dumping macaroni on Italy who before the war used to export macaroni. In 1948, Italy imported over 60,000 tons of American macaroni, although the Italian macaroni factories were running under

capacity. For example, the Naples macaroni factory, the largest in Italy, worked only 6 to 10 days a month.

Compulsory flour imports under the Marshall Plan are ruining the West-European flour milling industry and are depriving the livestock of these countries of valuable fodder—bran.

The other day Reuter's Hague correspondent reported that "the Netherlands have placed a trial order for 2,500 tons of surplus American milk powder for use as cattle fodder. If the trial order is satisfactory, Holland is expected to purchase 20,000 tons, for which ECA will make available a sum amounting to about 2,000,000 dollars."

At the wheat conference held in 1949, the Americans tried to compel the European importers to take flour. This caused an outburst of indignation. It was no accident that the Belgian delegate, referring to the United States' importunity, said ironically that in a few years' time the wheat convention may include not only flour, but also flour products such as wheat bread, biscuits and macaroni, which it will be possible in a few years' time, thanks to the growth of air transport, to ship overnight from the United States to Europe to be sold to the Belgian people next morning.

The expansion of the American cinema industry with the aid of the United States government has been exceptionally aggressive. American films take up 60 per cent of the total demonstration time of cinema theatres in England, 60 per cent in France, 80 per cent in Italy and 70 per cent in Belgium, although the English and French cinema industries could supply good films of their own production.

Throughout the capitalist world, American cinema films take up 72 per cent of the total demonstration time.

In their arrogance, the American cinema companies go to the length of forbidding the English cinema theatres to show English and American films in the same program.

American expansion has driven even the largest cinema companies in England to the verge of bankruptcy.

In negotiations with England for a further increase in the hire of American films, the Americans are demanding that this should be done by ousting English films, and they are threatening economic and financial sanctions on the part of the State Department if the English refuse to yield.

The economic crisis is affecting the capitalist economy of the United States and Europe more and more severely. In the United States we see a sharp drop of investments of fixed capital. The drop in production in the United States between October 1948 and October 1949 was heavier than that in the first year of the crisis of 1929-1933. Even the output of automobiles, which was actually rising up to August 1949, has begun to decline, which indicates overproduction in this industry too.

At a time when millions of people are starving, the United States government is ordering the destruction of "surplus" stocks of foodstuffs and a reduction in the crop area. The United States Department of Agriculture has ordered the destruction of 1,360,000 tons of potatoes, which the government had purchased; and on December 15, 1949, it issued an order that the cotton crop area in 1950 be reduced by 8,500,000 hectares, which is 23 per cent of the cotton crop area of 1949.

With the object of bolstering up prices, the Commodity Credit Corporation, Kansas, a government organization, filled a cave of an area of 6.5 hectares with food, and there, 20,000 tons of prunes and large quantities of other foodstuffs are rotting.

Characteristic is the admission made by *Barron's Weekly* of December 19, 1949, that stocks of egg powder in America now amount to a ten years' supply. Eggs, of course, cannot keep long, so, as the magazine reported, the Commodity Credit Corporation simply destroyed

140,000,000 dozen of fresh eggs, and American housewives are footing the bill by paying high prices for eggs.

Stocks of foodstuffs are destroyed for the purpose of bolstering up prices within the country and of ensuring high profits for the monopolies. The cost of these operations has to be met by the masses of taxpayers.

This is one of the manifestations of the forced, deliberate destruction of the productive forces of capitalism that goes on simultaneously with the destruction caused by the elemental forces of the crisis.

In face of enormous unemployment, declining real wages and the sharp deterioration of the material conditions of the working people, the net profits of the American and English monopolies, after deduction of taxes, have risen year after year and amounted to:

Country	Unit of Measurement	Year			
		1938	1946	1947	1948
U.S.A. . .	billion dollars	2.3	13.9	19.1	21.2
England . .	millions pounds sterling	676	996	1,169	1,275

In 1949, the biggest American monopolies increased their profits over those of 1948 by the following amounts: General Motors Corporation—50 per cent; the United States Steel Corporation—76 per cent, another steel company, Bethlehem Steel—98 per cent, the Douglas Aircraft Company—160 per cent.

A considerable part of the goods exported from the United States at the expense of the American taxpayers is not of a fair trading character, it is sheer dumping, which has a ruinous effect upon the industry and agriculture of the capitalist countries which compete with the United States.

As is evident from the President's report to Congress,

the subsidizing of dumping out of the Budget is to be increased. These exports, subsidized by the United States government under various programs for "assisting" foreign countries, rose from 1,800 million dollars in 1947 to 5,200 million dollars in 1949. Thus, whereas in 1947, the United States government paid out of taxes for 11 per cent of the total exports, in 1949 it paid for 45 per cent. And even then, the total volume of United States exports is continuing to diminish.

In 1931, during the acute crisis, the British and American imperialists raised a hullabaloo about alleged Soviet dumping, which, they claimed, was ruining capitalist business. The Soviet Union did not and does not engage in dumping. Soviet exports in 1930 did not amount to more than 1.9 per cent of world trade. Obviously, Soviet exports could not have been the cause of the economic ruin in the capitalist countries. The object of the campaign of slander against the U.S.S.R. raised by capitalist circles was to divert attention from the real causes of the economic decline of the bourgeois countries.

Today, owing to the sharp deterioration of the economic situation in the postwar period, the big capitalist countries, primarily the United States, are again resorting to dumping on an extensive scale for the purpose of capturing markets.

This dumping is being practised on a wide scale, primarily with agricultural and food products, and the loss incurred by it is met out of the Budget at the expense of the taxpayers.

"American agriculture needed immediate European outlets," said United States Secretary for Agriculture Brannan. A still more open admission that the Marshall Plan is an instrument for dumping was made by Senator Ellender when he said that most of the Senators voted for the Marshall Plan on the assumption "that the appropriation would be used to dispose of our surpluses."

On November 18, 1949, *The Wall Street Journal*, organ of United States business circles, reported that the State Department and Department of Agriculture are working out a large-scale dumping program, which the Americans intend to operate in the guise of a new form of "assistance" to other countries. According to this program, the newspaper stated, it is intended to export below cost price "one to two million tons a year of grains, fruits, cotton and tobacco."

According to a decision adopted at the last session of Congress, American agricultural produce, of which there is a glut in the country, may be exchanged at a low price for foreign strategical materials.

The dumping of United States agricultural produce assumes different forms and is subsidized from different sources.

According to the law for assisting foreign countries passed in December 1947, the Commodity Credit Corporation has a right to sell in foreign markets the surplus stocks of any commodity at prices below those at which the Corporation acquired them in the home market. The loss incurred is covered by the Treasury out of a special fund. What this policy of bolstering up the prices of food products in the home market costs may be seen from the following figures. In 1948-49, the net loss incurred by the Commodity Credit Corporation alone amounted to 600,000,000 dollars, and *Barron's Weekly*, the organ of financial circles, in its issue of December 19, 1949, estimated that the loss in 1949-50 would amount to 2,000 million dollars.

According to the existing law to assist the recovery of agriculture, the Secretary for Agriculture may spend a sum equal to 30 per cent of the customs revenues on subsidizing the export of surplus agricultural stocks below cost price. In 1949, 27,000,000 dollars were spent on such subsidies.

The dumping of agricultural produce, in particular wheat and cotton, is also subsidized on the basis of the law for disposing of surplus war materials.

With the increase of competition in the markets, in addition to the dumping of agricultural produce, the dumping of American manufactured goods is assuming ever-growing dimensions.

One of the new forms of dumping now being discussed, according to a report in *The Wall Street Journal*, is the sale of goods abroad by United States exporters for inconvertible (depreciated) currency, the latter to be sold to the United States government for dollars. As the newspaper points out, such operations must inevitably incur a loss for the government and, as *The Wall Street Journal* admits, are a form of dumping.

At the conference of countries, signatories to the Geneva Convention on Tariffs and Trade, held in 1949, the representative of Cuba openly accused the United States of dumping American goods on the Cuban market, as a result of which the Cuban textile industry is experiencing a severe crisis.

"The conditions prevailing in their own country," said the Cuban delegate, "encourage United States exporters to ship abroad part of their production at prices below those prevailing in the United States market."

As a result of the increased exports of American finished textiles, the consumption of raw cotton in Cuba dropped from 31,000 bales in 1947-48 to 20,000 bales in 1948-49, and in the Philippines it dropped to half.

The *New York Herald Tribune*, in its issue of January 23, 1950, was obliged to admit that "our own double pricing dwarfs that of other countries, and it takes the more idiotic form of high prices of essentials at home and low prices for export."

The United States government comes out with hypocritical statements about removing obstacles to world

trade and lowering tariffs, and proclaims the principle of "equal opportunity." Actually, however, the American monopolies are striving to remove only the obstacles to their expansion in the world market.

When setting up the international trade organization, the United States government opposed the policy of dumping, but it succeeded in including in the statutes of this organization a clause permitting the dumping of agricultural produce. This two-faced policy of the United States is becoming more and more pronounced. Even the American press is forced to admit this discrepancy between the official statements and the practice of the United States government.

Thus the *New York Herald Tribune*, in its issue of January 23, 1950, observed:

"... The United States government is now the great world advocate of free trade and markets, but its own agency engages in what other nations can only regard as dumping."

The leader of the camp of imperialism and reaction—the United States of America—scared by the crisis, is taking feverish measures to save herself at the expense of her partners.

The so-called "assistance" has already led to the ruin of the Marshallized countries, to stagnation in industry. This is now understood by the tutelage countries themselves, and the time when many people in those countries welcomed the Marshall Plan has passed away.

Thus, the arsenal of the American monopolists consists of the following weapons for combatting the developing crisis:

large war orders for industry and an inflated war budget;

sale of useless stocks of goods abroad in the guise of "assistance" under the Marshall Plan;

trade war, dumping, the loss being covered by Budget assignments at the expense of the taxpayers;

bolstering up the prices of agricultural produce in the home market by destroying "surplus" stocks of foodstuffs, or by subsidizing out of the Budget various corporations for buying food products and raw materials in the home market at high prices, which leads to the further impoverishment of the population.

These government measures prevent the reduction of agricultural produce prices in the home market.

All these measures practised by the capitalist rulers actually lead not to the mitigation of the crisis or to an improvement in the conditions of the millions of working people, but, on the contrary, cause still more unemployment.

The United States government sees a way out of this situation in a race for armaments. The United States' direct war expenditure budgeted for 1949-50 is fourteen times as much as that in 1937-38, whereas expenditure on housing, social maintenance and education amounts to only 7.6 per cent of the Budget. Truman has admitted that the government has assigned very little money for education, but he did not go further than making this admission. According to Truman's message, in 1950-51, war expenditure, including military assistance to the Marshallized countries, war pensions, payments on war debts and expenditure on "the development of natural resources" (actually expenditure on the production of atomic weapons), will amount to 32,200 million dollars, or 76 per cent of the Budget.

Thus, the imperialists of America have transferred the country's economy to the lines of war economy, that is to say, they have given their industry a lopsided war slant, and have thereby reduced the production of consumers' goods for the population.

Comrade Stalin has said: "... Every time that capitalist contradictions begin to grow acute, the bourgeoisie turns

its gaze towards the U.S.S.R. as if to say: cannot we settle this or that contradiction of capitalism, or all the contradictions taken together, at the expense of the U.S.S.R. . . ."¹ But this means has already been tried by the imperialists of some countries and it led to their utter defeat.

The imperialists are artificially stirring up war hysteria, the so-called cold war, the object of which is to cover up the inflation of the war budget and of the war industry in the endeavour to mitigate the economic crisis somewhat; they are trying to frighten the democratic forces in order to disarm the working class in face of the growing economic crisis and thereby shift the burden of the crisis to the shoulders of the working people. All this goes to show that the British and American imperialists, being entangled by contradictions, are seeking a way out by preparing to launch a new war. They are trying to use the bogey of war to exercise pressure upon the Soviet Union; but, as is well known, you can't scare the Bolsheviks, they are not of the frightened kind. (*Applause.*)

There can be no doubt that the new, third world war, if it is forced by the imperialists, will be the grave of the entire capitalist system. (*Loud applause.*)

III

DEPRECIATION OF THE CURRENCY IN CAPITALIST COUNTRIES AND THE ENHANCEMENT OF THE EXCHANGE RATE OF THE RUBLE

The war shook the currency of every country in the world. True, this happened in varying degrees. In some capitalist countries the currency was completely upset, in others there was immense inflation and a drop in the exchange rate of the currency. An example of major

¹ J. V. Stalin, *Leninism*, Vol. II, Moscow 1933, p. 260.

disturbance and depreciation of the currency is provided by the French franc, which, at one time, after the first world war up to 1936, was one of the most stable currencies in the world and, as such, could compete even with the American dollar. But the stability of the franc was already shaken on the eve of the second world war, and after the war its value dropped from the prewar, 1937, level as follows: in 1945 to 45 per cent, in 1946-47 to 20 per cent, and in October 1949 to 7.2 per cent of its former level.

The French government, representing the interests of industrial-finance capital, devalued the franc several times, and after each such operation tried to keep the franc at the new level; but its efforts were in vain, for it would do nothing sharply to reduce the profits of big capital.

The measures taken in the sphere of wages and prices by the French Socialists when they were in power ended in a shameful farce; they merely exposed themselves, more glaringly than they could have done by any other means, as traitors to the French working people, whose conditions of life are deteriorating day after day.

The British Labourites also, receiving a shaken pound sterling as a legacy from the war, tried vainly for three years to strengthen its position by various means. The only result of all the measures they took in this direction was one detrimental to the interests of the workers, i.e., the "freezing" of wages and attempts, through the trade unions which the Labourites control, to compel the workers to stop fighting for higher wages; by this they rendered a great service to the capitalist monopolies and struck a hard blow at the welfare of the masses of the workers. Meanwhile, the purchasing power of the pound sterling continued to drop, and this led, in September 1949, to a 30 per cent devaluation. This still further increased the burdens of the British working people and

led to an increase in prices, first of imported goods, and gradually of other goods. The result was a general rise in prices, reduction in the real wages of the workers, and an increase in the superprofits of the bourgeoisie.

The upsetting of the pound sterling led to the devaluation of the currencies of twenty-three other countries that were directly or indirectly bound up with the pound sterling, and this still further intensified the antagonisms among the capitalist countries, primarily between the United States and Great Britain.

Devaluation increased the dependence of the depreciated currencies upon the dollar. There is still a multiplicity of rates of exchange; the exchange rate of the pound sterling in the open market is dropping below the official rate. The rate of exchange of the currencies of other European countries which have undergone devaluation is also unstable.

Devaluation has disturbed the correlation of commodity prices, because the change in prices for different commodities in depreciated currencies is extremely uneven.

The disproportion between exports and imports is increasing, and so also is the margin of unfavourable balances of payments. Devaluation facilitates the export of American capital to countries with depreciated currencies.

With the intensification of the general crisis of capitalism, devaluation has not restored, and could not restore, the equilibrium of balances of payments and the convertibility of currency connected with it.

Devaluation has not removed the dollar shortage or the multiplicity of prices, in particular, the possibility of "sterling" prices rising above dollar prices.

Devaluation has not put a stop to inflation, which is continuing in the capitalist countries, including the United States, where the value of the dollar has dropped to half of its prewar level.

Such is the unconsoling picture of the currencies of even the most vaunted of the capitalist countries.

The position of our Soviet currency is the very opposite of this.

The Soviet Union suffered more from the war than any other country. Nevertheless, it did not take long after the war to stabilize our Soviet currency and, in December 1947, to issue full-value rubles in exchange for the depreciated currency, in connection with the currency reform and the establishment of uniform prices throughout the country on a lower level.

Only two years and two and a half months have passed since the currency was reformed in 1947. During this period, prices have been reduced three times, and this has resulted in a considerable increase in the purchasing power of the ruble and in a great improvement in its rate of exchange.

The rapidity with which the value of our Soviet ruble is rising is seen by the masses of the people from the effect the reductions of prices has had upon their domestic budgets.

The value of our Soviet ruble increased so much that the official rate of exchange no longer reflected its true position, for the purchasing power of the ruble had risen above its official rate of exchange.

That is why the Soviet Government, when reducing prices on March 1, 1950, at the same time raised the rate of exchange of the ruble with foreign currencies and established the new rate of 4 rubles for one dollar in place of the former rate of 5 rubles and 30 kopeks.

At the same time a fundamental change of great importance was made. In 1936, the rate of exchange of our Soviet ruble was fixed on the basis of the French franc, which at that time was the most stable currency. Soon after, however, the value of the franc began to fall and, in 1937, the Soviet Government fixed the rate of exchange

of our Soviet ruble on the basis of the American dollar. In the course of time, however, the purchasing power of the dollar dropped more than half and proved to be an unstable basis for determining the exchange rate of the ruble. That is why the Soviet Government was able and decided to determine the exchange rate of the ruble on the basis not of the dollar, but of gold, which is the most reliable and stable basis. (*Applause.*)

IV

REDUCTION OF RETAIL PRICES IN THE U.S.S.R.

The new, third reduction of state retail prices of food and manufactured goods is of historical importance as one of the biggest measures taken in the postwar period to ensure a further improvement in the welfare of the working people of our country.

The government's decision on this matter is also of great international importance, for it is a vivid manifestation of the advantages of the socialist social system and of Stalin solicitude for the welfare of our Soviet people. (*Applause.*)

Continuous improvement in the material welfare of all the working people is a law of the socialist system of economy.

Every new success achieved by our Soviet people in still further developing industry and agriculture creates new conditions for satisfying ever more fully the requirements of the working people and for raising the people's standard of living still higher.

In our land of victorious Socialism, as Comrade Stalin has said, "the development of production is subordinated, not to the principle of competition and safeguarding of capitalist profit, but to the principle of planned guid-

ance and systematic improvement of the material and cultural level of working people."¹

Herein lies the fundamental superiority of Socialism over capitalism.

The working people in our Motherland know that every success achieved in the further economic development of our country benefits the whole people, results in an improvement of their material conditions and in a rise in their cultural standards, which is not and cannot be the case under capitalism.

Already in December 1947, the rationing of food and of manufactured goods was abolished in our country and uniform, lower, state retail prices for consumers' goods were introduced. At this first stage in the reduction of prices the people gained in the course of a year about 86,000 million rubles.

The Party and the Government began to put the second stage in the reduction of prices into effect in 1948 and fully completed it on March 1, 1949. At this second reduction in prices the people had an additional gain in the course of the year of about 71,000 million rubles.

In March 1950, state prices of food and manufactured consumers' goods have been reduced again, for the third time, and from this the people will gain in the course of the year no less than 110,000 million rubles.

Unlike the first stage of the reduction of prices, at which the people suffered some loss for a brief period as a result of the exchange of the old currency for new that was carried out at the same time—and which, it must be said, was at once more than compensated by the gains from the reduction of prices—at this third stage, as at the second, the people suffered no loss whatever, and

¹ J. V. Stalin, "Political Report of the Central Committee to the Sixteenth Congress of the C.P.S.U.(B.)," *Leninism*, Vol. II, Moscow 1933, p. 308.

are receiving the full benefit of the reduction of prices in the shape of net income.

The new reduction in the prices of food and manufactured consumers' goods is an enormous factor in raising the standard of living of all sections of the working people. It means a further considerable increase in the real wages of workers and office employees. The conditions of pensioners and stipendiaries are greatly improved, since pensions and stipends remain unchanged with the reduction of prices. It means a further considerable increase in the incomes of the peasants, since they will now be able to buy manufactured goods at reduced prices, whereas the state purchase prices of agricultural and livestock produce remain unchanged.

As everybody can see, the reduction in prices is not equal for all commodities. Conspicuous is the important fact that while the average reduction of prices for all commodities is about 21 per cent, the largest percentage and unusually large range of reduction are in the prices of goods of everyday demand. For example, the price of bread has been reduced 25 to 30 per cent; meat—24 to 35 per cent; butter and margarine—30 to 35 per cent; salt—40 to 50 per cent; soap—40 to 50 per cent. The importance of this fact needs no explanation.

It is of interest to note the changes the reduction in prices has brought about in the character of popular demand and in the development of trade. It is still too early to draw final conclusions about this matter, but the first week after the reduction of prices has already revealed interesting facts in this field. According to information received from 60 of our largest cities, average daily sales of bread of all kinds are only 2 per cent higher than in February; but there is a reduction in the sales of rye bread and an increase in the sales of and demand for wheat bread. (*Applause.*) Thus, the people are using part of the saving from the reduction of prices to increase

their consumption of wheat bread; they are using the greater part of this saving, however, to buy larger quantities of more valuable food products such as meat, sausage, fats, canned food, etc., and also to make larger purchases of articles like watches, bicycles, motorcycles, radio sets, gramophones, scented soap, etc.

These tendencies are quite in the order of things and impose on our industry the duty of still further increasing the output of precisely those articles for which the popular demand is greatest after the reduction of prices, so that this new and higher demand may be satisfied.

Total sales for the week amounted in money at the reduced prices to over 15 per cent above the February level.

It is difficult to overestimate the importance of this fact, which indicates the growth of popular consumption.

As a result of the powerful upswing of our socialist economy, in spite of the enormous destruction caused by the war, the national income of the U.S.S.R., in comparable figures, increased in 1949 by 36 per cent compared with that in the prewar year 1940. In the same year, the average incomes of the workers and office employees per person, in comparable figures, increased by 24 per cent compared with those in 1940, and the incomes of the peasants increased by more than 30 per cent. This means that the real wages of workers and office employees and the incomes of the kolkhoz peasants in the U.S.S.R. are growing year after year, and that their material conditions are steadily improving.

There is nothing like this in the capitalist countries, where the incomes of the working people are much lower than before the war, where prices have risen sharply and the standard of consumption has dropped and is continuing to drop.

Take the conditions of the working people in England. The Labour government has "frozen" wages, that is to

say, does not permit them to be raised; it is trying to retard and soften the effect of the rise in prices by granting consumers' goods subsidies. In 1948, over £500,000,000 were spent for this purpose. But this trick played by the Labour government is exposed by the fact that the money required for these subsidies is taken from the working people in the shape of increased taxes, which are now more than twice as high as before the war and amount to a deduction of over 35 per cent of the working people's incomes.

Notwithstanding the payment of these consumers' goods subsidies, during the period the Labour government has been in power the price of bread, for example, has gone up 26 per cent, meat 43 per cent, and sugar 25 per cent. According to a report by the Board of Trade, the prices of manufactured goods are now 145.5 per cent higher than in 1938, and food prices are 119.3 per cent higher. The most important food items, such as: sugar, meat products, fats, eggs, tea, etc., are still rationed in England. The average consumption per head of the most important food items is considerably below the prewar level in the following percentages: meat 28, butter 40, bacon 55, rice 50 and sugar 10.

The masses of the working people in England understand this well, otherwise the Labour Party would not have met with such shameful results at the last general election. One would have thought that a "Labour" government, having two-thirds of the votes in Parliament, after being in power for five years and passing so-called "socialist measures," would have strengthened its position, would have broadened its base and have acquired a larger number of supporters. But the British pseudo-socialist government repelled the masses of the people from itself by the fact that in its domestic policy, instead of protecting the interests of the workers it actually pursued the policy of the capitalist class; and in foreign policy—on

the question of peace and in its relations with the Soviet Union—it pursued the policy dictated by the Conservatives, although the Labour Party's victory in the 1945 election was due to the fact that the masses believed its two election promises: to carry out socialist measures within the country, and to maintain friendly relations with the Soviet Union in foreign policy. The Labourites broke both these promises that brought them victory in 1945; as a result, in the last election the Labourites obtained a bare majority in Parliament and are threatened with the prospect of having to surrender power to the Conservatives.

The experience of Right-wing Socialists coming into power in all the capitalist countries of Europe after the first as well as after the second world war has shown that, riding into power on the wave of the revolutionary working-class movement, they remain in power in order to weaken the revolutionary movement and until they have prepared the ground for the capitalists themselves to come into power, for they are only the lackeys of the capitalists.

The conditions of the working people in the other Marshallized countries in Western Europe are also steadily growing worse as a result of the continuing rise in prices and fall in wages.

An example is provided by France where, from the date of the termination of the war to February 1950, retail prices have risen fivefold and are twenty times as high as in the prewar year 1938. Taking different items, the increase of prices above the prewar level is as follows: flour 17 times higher, meat 28, eggs 21, milk 22 and sugar 16.

The bourgeois government of France is doing nothing to reduce prices and to raise real wages. At the end of 1946 and beginning of 1947, the government headed by the Socialist Blum, after rejecting the workers' demand

for an increase in wages, made a demagogic gesture and twice announced a reduction of prices of 5 per cent. But it was unable to carry out even this wretched reduction for a limited group of commodities, and instead of falling, prices in 1947 rose almost 60 per cent.

Meanwhile, the French government is pursuing the policy of "blocking" wages, that is to say, of not allowing them to be raised, in spite of the rising cost of living. Official French statistics show that nominal wages are rising only half as fast as the prices of food and manufactured goods. Thus, the real wages of the French workers have fallen far below the prewar level. The ruling circles in France use the police force and the army against the workers who are fighting for higher wages.

In the programs they have submitted to the European organization for economic cooperation on the Marshall Plan, the capitalist countries of Europe admit that they will be unable to provide the prewar standard of consumption for their populations even in 1952, when American "assistance" will still be rendered. What will happen after that, they dare not prophesy.

While the retail prices of consumers' goods remain at a high level, the wages of the American workers are falling. According to the reports of the United States Department of Labour, from October 1948 to September 1949, wages in the various industries fell as follows: coal mining 29 per cent, ore mining 10 per cent, steel smelting 14 per cent and machine building 8 per cent.

Increasing unemployment, falling wages and the refusal of the monopolies to reduce prices are causing a further decline in the standard of living of the working people in the United States.

In spite of the treachery of the trade union leaders and their complete unity with the capitalist monopoly magnates, the working class in the United States is offering desperate resistance and by means of prolonged strikes

of unprecedented dimensions are fighting for bread for themselves and their families. Evidence of this is provided by the prolonged strikes of hundreds of thousands of workers in the steel industry in the latter half of 1949, and by the stubborn strike of four hundred thousand coal miners which began in the autumn of 1949 and is continuing to this day.

In the light of this, the superiority of our socialist system, which ensures a continuous improvement in the material welfare of the people, stands out in vivid relief.

Compare the situation in the capitalist countries with the fact that in the Soviet Union, in 1949, sales of foodstuffs to the people were 17 per cent, and of manufactured goods 25 per cent, higher than in 1948. Last year, sales to the people of butter, vegetable oil, meat, fish, sugar, macaroni, woollen, cotton and silk fabrics, footwear, and of many other kinds of foodstuffs and manufactured goods, were considerably higher than in the prewar year 1940.

As you see, in the capitalist countries there are numerous unemployed, an immense increase in prices, fall in real wages and, as a result, the impoverishment of the masses of the working people; whereas in our socialist country there is no unemployment, the prices of foodstuffs and manufactured goods are being systematically reduced, real wages are rising and, as a consequence, the material welfare of the working people is improving.

There can be no doubt that the new reduction of prices and further improvement in the standard of living of the working people will raise a fresh wave of labour enthusiasm, will lead to a further increase in the economic might of our Motherland, and prepare the conditions for another reduction of prices in the future.

All of you here remember what Comrade Stalin said in his speech on the eve of the last general election: "Apart from the fact that the rationing system is to be

abolished in the very near future, special attention will be devoted to the expansion of the production of consumers' goods, to raising the standard of living of the working people by steadily reducing the prices of all commodities. . . ."¹

Everybody is now convinced that the Bolshevik Party, and great Stalin, do not throw words to the winds. There is not, nor can there be, a discrepancy between what the Bolsheviks say and what they do. (*Loud applause.*)

In the bourgeois countries, candidates at elections make heaps of promises to the electors. Such was the case in England with those gentlemen the Labourites who have now been deservedly punished by the English electors for their deception. Things like that cannot happen in our country. We are all pleased and gratified to know that our efforts during these years have borne fruit. During the past four years we have not only abolished rationing, but have reduced prices three times.

It is part of my official duty to have some connection with the production of foodstuffs, and I will not conceal from you, comrades, that I feel much better addressing you now than I felt four years ago. (*Laughter, applause.*) In this very hall I then had occasion to say: "only a little time will pass and the peoples of our country will see the fruits of their victories and postwar labour efforts, when the U.S.S.R. will have restored and further developed its economy, when our people with still greater skill will have mastered advanced technique, when we will have everything that is needed for a prosperous, cultured life, such as our warrior-people, victor-people and creative people deserve." As you see, at that time I had to speak in the future tense. Today we can speak of this in the present tense.

¹ J. V. Stalin, *Speech Delivered at an Election Meeting in the Stalin Electoral District, Moscow, February 9, 1946.* Moscow 1946, p. 19.

But we Bolsheviks are not in the habit of resting content with what we have achieved. We cannot and must not cover up the defects from which we suffer. And they are still very considerable, especially in the sphere of trade.

V

THE TASKS OF SOVIET TRADE

To eliminate the defects in the sphere of trade, we must be guided by the classical instructions Comrade Stalin gave us as far back as 1934, at the Seventeenth Congress of the C.P.S.U.(B.), at which he especially noted the Leftist chatter "...to the effect that Soviet trade is a superseded stage; that it is now necessary to organize the direct exchange of products; that money will soon be abolished, because it has become mere tokens...."¹

Comrade Stalin ridiculed this Leftist-petty-bourgeois chatter and pointed out "...that we shall use money for a long time to come, right up to the time when the first stage of Communism, i.e., the socialist stage of development, has been completed. They do not realize that money is the instrument of bourgeois economy which the Soviet government has taken over and adapted to the interests of Socialism for the purpose of expanding Soviet trade to the utmost, and of thus creating the conditions necessary for the direct exchange of products. They do not realize that the direct exchange of products can replace, and be the result of, only a perfectly organized system of Soviet trade...."²

The bubbling economic life of our country demands that the entire country be covered with a network of

¹ J. V. Stalin, *Problems of Leninism*, Moscow 1947, p. 494.

² *Ibid.*

warehouses, stores and shops. This trading network is, as it were, the veins and arteries of our national economy. It must uninterruptedly, steadily and ceaselessly supply consumers with goods. Lenin's slogan: learn to trade, acquires a new content at every stage of our development. There was a time when we had to learn to trade in order to beat the private traders. Many years have passed since then. In our trade, the new, Soviet trade, there are no profiteers, big or little. But we still have a lot to learn in order still further to improve Soviet trade, to raise it to a new and higher stage. The responsible tasks that have devolved upon Soviet trade as a consequence of the reduction of prices demand that workers in all the links of the trading organization should understand and know how to carry out the decisions of the Party and the Government on questions concerning trade, and that they should acquire the necessary qualifications for their work. The prejudice that trade is an easy and simple matter must be eradicated.

The trading organizations must ensure the training and improvement of the qualifications of their staffs, from the salesmen and saleswomen to managerial workers.

At the present time the work of training and improving the qualifications of distributive workers is very inadequately developed and lags behind the greater demands that are now being put to the trading organizations.

Special assistance in improving their qualifications must be given to managers of shops and dining rooms, to salesmen and saleswomen, and cooks, who play a leading part in the expansion of Soviet trade. How can we tolerate a situation in which, with an abundance of a number of items of goods, there are still many places, or "trading points," as we are in the habit of calling them, at which the required goods are not on sale, cannot

be offered to consumers, because they are held up for a long time in warehouses and stores? This defect cannot be tolerated any longer. Every shop in every inhabited centre throughout our vast country must carry sufficient stocks of goods of the required assortment and of good quality.

Scientific planning must be organized in the trading organizations. The planning of trade has its own specific features. It must take into account magnitudes that are subject to frequent fluctuation; it must take into account the relation between demand and supply, the tastes of the consumers, specific national and local features, and climatic conditions. More than all other kinds of planning, the planning of trade must be flexible, operative and mobile. I would say that the man who plans trade must possess a vivid imagination, commercial intuition, to be able to take into account all these specific features.

Lenin said that not only the poet, but the mathematician too must have a vivid imagination. The good Soviet trade organizer must also possess it.

A grave defect in our trading organization is the shortage of shops, the number of which has not yet reached the prewar level. Thus, the number functioning throughout the country at the end of 1949 was 97.9 per cent of the number in the prewar year 1940, although the number of trading booths amounted to 114.5 per cent.

The number of specialized shops controlled by the Ministry for Trade of the U.S.S.R. was as follows compared with 1940: provision shops 85 per cent; shops for the sale of manufactured goods 83.3 per cent.

Consequently, in 1950 it will be necessary not only to reach the prewar number of shops, particularly of specialized shops, but to exceed that number, and to supply provision shops and warehouses with refrigerating apparatus, without which it is impossible to keep produce in good condition and to ensure normal trade. For

the expansion of trading facilities we have great possibilities.

As far back as December 4, 1933, the Government of the Soviet Union issued an order making it compulsory to arrange for trading premises in newly built apartment houses.

With the expansion of dwelling house building, a large number of trading premises have been built on the ground floors of apartment houses; but there are still many cases when these premises are handed over to trading organizations in an incomplete state, and this long delays the opening of these premises for the purposes intended.

In our towns you will often see newly built houses already tenanted, but with the ground floors, intended for shops, vacant, waiting to be used for trade.

The service in our Soviet shops must be raised to a higher stage. Much has already been said about the quality and packing of food products, but this question must be taken up again. The point is that some workers in the food industry, and even managers of food enterprises, understand quality in the narrow sense of the term; if their plant turns out good quality produce they think their task is ended. But at a meeting of the *active* at the Ministry of the Food Industry of the U.S.S.R., facts like the following came to light. In Samarkand, good, clean dried fruit was prepared: the laboratory tests showed that the fruit was of the highest grade. Owing to the shortage of warehouse accommodation, however, the fruit was piled in the open air. Rain fell, and the fruit had to be graded at a lower quality. We must see to it that high grade foodstuffs reach the consumers, and that means that we must have adequate warehouse accommodation, good packing and timely shipping to the trading centres.

Owing to the serious neglect in the planning of warehouses and storing capacities, we lose hundreds of mil-

lions of rubles because of the unsatisfactory storage of produce.

It is necessary to accelerate the erection of warehouses and storing capacities, and this problem must be fully solved in the course of 1950-51; the mechanized packing of food products must be greatly increased in order to satisfy consumers' demands and to ease the labour of salesmen and saleswomen.

Studying the requirements of the people, our trading organizations must, in an organized and planned manner, induce our industries to enlarge the assortment of goods they produce. The utmost use must be made of such levers as economic contracts, advance orders and requests from the trading organizations to the industries.

The trading organizations must display initiative in spreading among consumers new types of goods. They must bear in mind that tastes not only change spontaneously, but are also cultivated. It is true that demand stimulates production; but it is also true that production, supply, creates demand.

The time has come when we must seriously consider the organization of commercial advertising and develop it. True, in this field we do not intend to "overtake" and "outstrip" the capitalist countries, where advertising is a means for the shameless deception of the consumers. We must develop cultured, truthful Soviet advertising, and promote commercial propaganda.

With the growth of culture among our people, the improvement in their welfare and the ever-increasing abundance of all kinds of goods in the market, purchasers naturally become more exacting towards salesmen. What was regarded as tolerable yesterday and called forth no complaints, is no longer tolerable today, and still less will it be tomorrow. Every shop assistant must be trained to pay the greatest attention to customers' needs and requirements.

They must patiently explain things to customers, take note of their requirements and requests and pass their opinions and tastes on through the trading organizations to the industries and demand that the latter should change the assortment and improve the quality of the goods they produce in conformity with the changing demands of the people.

Every shop employee—salesman and saleswoman, department manager and shop manager—is a propagandist and agitator among the population in favour of our Soviet goods. They must conduct propaganda to spread the use and consumption of the best types and new types of goods and thereby help to increase demand and to cultivate the tastes of the people. But for this they must have the necessary training and knowledge. The important role salesmen and saleswomen play makes it our duty to pay great attention to their training and education, so that they may be fit to carry out the honourable tasks of Soviet trade.

The successes achieved in the postwar development of agriculture impose great tasks upon the consumers' cooperatives. The function of rural trade is to satisfy not only the demand for articles of individual consumption, but also the requirements of the kolkhoz villages in repair and building materials, as well as in articles of domestic use and implements of production.

Now that the distinction between town and country is being obliterated, when the former cultural gulf between town and country is becoming a thing of the past, it is necessary seriously to develop trade in such articles as books, radio sets, bicycles, motorcycles, cameras, gramophones, etc.

The goods constantly in circulation in the channels of Soviet trade amount to tens of billions of rubles. It is a most important duty of Soviet distributive workers to take good care of this wealth.

It is the duty of Soviet distributive workers to see to it that the goods in stock are well kept, that they reach the consumers in good condition; to see to it that goods are not spoilt while in storage, and to set to work in the Bolshevik manner to reduce overhead costs and to eliminate cases of embezzlement and theft.

To be able successfully to carry out these tasks it is necessary:

firstly, to improve the work of choosing distributive workers; actually to put into practice the Stalin principle of choosing cadres;

secondly, to improve the political education and business training of distributive workers, including salesmen and saleswomen, who must understand that they are builders of Communism in our country, "vehicles of our revolutionary, Bolshevik cause" (Stalin), and

thirdly, and lastly, to improve the work of supervising the safeguarding of the socialist property of the state and cooperative trading organizations. If bookkeeping accounting and checking is not well organized in our trading organizations, all our talk about safeguarding socialist property may reduce itself to idle chatter. In a huge economic enterprise like trade, timely account must be taken of every Soviet kopek, and strict check must be kept on all expenditure, however small.

VI

IMPROVE THE WORK OF LOCAL AND COOPERATIVE INDUSTRY

Directly connected with the development of trade is the work of local industry and the producers' cooperatives, the function of which is, primarily, to manufacture consumers' goods, articles for domestic use, minor imple-

ments and local building and repair materials, and to organize services for the people.

It would be quite wrong to think that because large-scale industry has been enormously developed in the Soviet Union, local industry and the producers' cooperatives have ceased to be important. This view is fundamentally mistaken. On the contrary, the development of large-scale industry presupposes also an increase in the output of local industry.

At the Seventeenth Congress, Comrade Stalin drew special attention to the importance and necessity of developing local industry and the producers' cooperatives. Comrade Stalin said that it was necessary: "To develop local Soviet industry; to give it the opportunity to display initiative in the production of consumers' goods and to lend it all possible assistance in the way of raw materials and funds."¹

The Eighteenth Congress of the Party set the task of securing in the course of five years not less than a twofold increase in the output of goods by local industry and the producers' cooperatives, and also a larger and better assortment of these goods.

The decision of the Eighteenth Congress of the C.P.S.U.(B.) says:

"To develop to the utmost *local industry and the producers' cooperatives*, which are an important means for satisfying the growing requirements of the working people. Regarding their present rate of growth inadequate, to secure in the course of the five years not less than a twofold increase in the output of goods by local industry and the producers' cooperatives and also a larger and better assortment (especially of furniture, utensils and other domestic requirements). Simultaneously with the increase in the production of consumers' goods, which

¹ J. V. Stalin, *Problems of Leninism*, Moscow 1947, p. 477

is the main function of local industry and the producers' cooperatives, it is necessary to develop to the utmost the mining of local fuels and the production of building materials.

"Widely to expand the network of mechanized workshops for repairing footwear and clothing, workshops for repairing furniture and other domestic appurtenances, and other services for the people."¹

This policy of our Party in relation to local industry and producers' cooperatives is fully in force to this day.

Local industry and the producers' cooperatives must supplement large-scale industry. The development of large-scale industry also presupposes the development of local industry and producers' cooperatives as a supplement to the former.

Notwithstanding the successes that have been achieved, it must be admitted that the development of local industry and producers' cooperatives is not proceeding fast enough.

The task the Party set has not yet been carried out.

There is an exceptional lag in the manufacture of building materials and in the opening of workshops for repairing footwear, clothing, furniture and domestic utensils, and in the organization of all sorts of services for the people.

In order really to develop local industry and all forms of producers' cooperatives, it is necessary to improve the organization of these enterprises and cooperative workshops, to expose their defects in time and to eliminate them; the methods employed by the advanced enterprises and cooperative workshops should be brought to the knowledge of the rest, which should be brought into line

¹ *The C.P.S.U.(B.) in Resolutions of Its Congresses, Conferences and Plenums of the Central Committee, Part II, 6th Russ. ed., p. 734.*

with the advanced ones; technical progress must also be promoted in the local industry enterprises and producers' cooperatives in order to increase productivity of labour, to reduce cost of production and to improve the quality of the goods produced, just as in the whole of our industry.

During the war, and immediately after it, there was a shortage of goods and people were willing to buy even goods of inferior quality; and some cooperative workshops and local industry factories produced such inferior goods and had an easy life.

Now that the production of consumers' goods has grown to enormous dimensions and the quality of the goods produced has improved, nobody, of course, is willing to buy goods of inferior quality, old-fashioned style, bad finish, not the assortment they want, and so forth.

The result is that a number of cooperative workshops and local industry factories have been left with stocks on hand because they have not kept pace with life. The better organized and more enterprising workshops and factories are rapidly being reconverted from the production of unsalable articles to the production of goods the market needs, of the required quality and at the reduced prices.

That is why it is necessary to take up those workshops and factories that are ailing and cannot get rid of their ailments themselves. They must be helped and pushed to enable them to get on to the right road quicker, that is, to produce the goods the people require, of good quality and at low prices. Local industry and the cooperatives will then be able to develop at a still faster rate. The provision of services for the people must be organized on an exceptionally wide scale; repair shops for mending footwear, clothing and household utensils, laundries and dry cleaners, and builders' cooperatives to do private repairs in individually owned houses. Measures must be taken to ensure that all these service cooperatives perform

—
their work conscientiously and punctually. This is still a virgin field of work.

The reduction of prices should also serve as an impetus for the further improvement of the work of local industry and the producers' cooperatives.

There is still another important question—reduction of cost of production. The present reduction of prices is the result of the increase in the productivity of labour and the reduction of cost of production that our Soviet people have achieved in the course of socialist emulation. As you know, in 1949, cost of industrial production, in comparable prices, was reduced 7.3 per cent compared with 1948.

It must be understood that by increasing productivity of labour and reducing cost of production we create the conditions for carrying out the Party's policy of still further reducing prices. (*Applause.*) That is why the task of increasing productivity of labour and reducing cost of production is a State and national task in which the workers, intellectuals and kolkhozniks, the entire people, are interested.

To ensure a reduction in cost of production in industry it is necessary:

to improve to the utmost the organization of labour, to further rationalize production, and increase and improve the technical equipment of industry;

to economize in the expenditure of raw materials, auxiliary materials and fuel, and to reduce scrap;

to increase the output of finished goods per unit of raw materials;

to reduce and ultimately completely eliminate rejects in production.

The staff of every enterprise has the possibility to fulfil and overfulfil the plan for reducing cost of production and increasing productivity of labour and thereby create the conditions for the further reduction of prices.

VII

LINE UP WITH THE ADVANCED KOLKHOZES

Comrades, permit me, in conclusion, briefly to touch upon several questions concerning your work. As is evident from the official returns, the working people of Soviet Armenia are marching in step with the whole of our socialist country. In all the past four years they have carried out the industrial production plans, and in 1949 considerably overfulfilled their obligations as regards agricultural produce deliveries to the State.

The yield and productivity of agriculture are increasing, your towns and villages are being reconstructed, the standard of culture and of the civic consciousness of the people is rising, the culture of the Armenian people, national in form and socialist in content, is growing.

In the sphere of agriculture, in 1949, you have achieved important success in increasing crop yield and in delivering to the State larger quantities of produce like cotton, tobacco and potatoes. You have achieved important success in introducing crop rotation, and especially in producing high-grade seed. We can be proud of these successes, for the prewar standards have been left far behind. For example, in 1949, State cotton deliveries averaged 22.3 centners per hectare, compared with 18 centners in the prewar year 1940.

You have real possibilities of still further increasing, within a short space of time, the yield of cotton and of increasing the cotton deliveries to the State; you must bear in mind the exceptional importance the fulfilment of this task has for the State.

This can be proved by the following simple example: the average yield for the Republic is 22.3 centners per hectare, but the Parizhskaya Kommuna Kolkhoz, in the Artashat District, under average conditions, obtained from

102 hectares an average yield of 41 centners per hectare; and Karapetyan Sysen, a team leader at that kolkhoz, obtained from six hectares a yield of 74 centners per hectare. On the other hand, the Eighteenth Party Congress Kolkhoz, in the Echmiadzin District, obtained only an average of 11.9 centners per hectare. There are no objective reasons for this—conditions as regards soil, climate, power equipment and supply of mineral fertilizers are the same in both kolkhozes.

Clearly, the chief reason is that the work at the Eighteenth Party Congress Kolkhoz is badly organized, whereas at the Parizhskaya Kommuna Kolkhoz it is well organized. The latter will certainly make still further progress in increasing cotton yield.

Why should not the Communist Party and the Soviet administration in Armenia set themselves the task of getting all the kolkhozes to reach the yield level of the Parizhskaya Kommuna Kolkhoz within a short space of time? The task is clear, one would think—to pay close attention to the kolkhozes at which the work is badly organized. This will make it possible, from the same area, almost to double the gross cotton deliveries to the State. This task has been set; it is only necessary to take it up and work well. (*Applause.*)

Important success has also been achieved in the cultivation of tobacco; the State deliveries plan for this crop has been considerably overfulfilled. But in this field too, whereas the average yield for the Republic is 7.9 centners per hectare, the International Kolkhoz, in the Shamshadin District, from 125 hectares, delivered to the State an average of 17 centners per hectare, while the Badikyan Kolkhoz in the Nor-Bayazet District delivered an average of 33.5 centners per hectare.

This is apart from the big achievements of individual brigades and teams, which are in the front rank in socialist emulation and have even bigger results to their credit.

If, say, within the next few years, all the kolkhozes in Armenia obtain the same tobacco yields as that obtained by the International Kolkhoz, the gross deliveries to the State will be double the amount delivered last year; and if they achieve the level of the Badikyan Kolkhoz, the deliveries will be trebled, and Armenia will step into the front rank in the Soviet Union as regards supplying the country with valuable yellow tobacco. The same tasks confront you in the matter of cultivating potatoes.

Such are the possibilities where important successes are achieved. But there are branches of agriculture in which Soviet Armenia is lagging far behind her neighbouring fraternal republics and even behind her own prewar achievements. For example, the grape and fruit yield, and State deliveries of same, are on a low level—considerably below the prewar level. Bad weather conditions are pleaded as an excuse for this, but even if this was the case, it can scarcely have played the decisive role, because it cannot be said that all the postwar years have been unfavourable in this respect. Modern techniques enable us to cope with unfavourable weather conditions for winegrowing. Finally, under the same weather conditions some kolkhozes, for example, the Stalin Kolkhoz in the Artashat District, from 83 hectares obtained an average of 89.5 centners of grapes per hectare, not to speak of Manukyan's brigade, which from 25 hectares obtained an average of 131 centners per hectare, and Karamyan's team, in the same kolkhoz, which from an area of 3.5 hectares obtained an average of 200 centners of grapes per hectare. The Sverdlov Kolkhoz, in the same district, obtained from 260 hectares an average of 60 centners of grapes per hectare. Next to it, the Ogabert Kolkhoz obtained from 22 hectares an average crop of 8 centners per hectare. The Arshalus Kolkhoz, in the Echmiadzin District, obtained from 130 hectares an average of 16 centners of grapes per hectare.

The situation is the same in fruitgrowing. The Republic has some successes to its credit in the matter of planting new orchards, but as regards tending the existing orchards and obtaining produce from them, it must be admitted that on the whole the situation is unsatisfactory.

I do not think that the Party and non-Party Bolsheviks of Armenia lack the ability to raise winegrowing and fruitgrowing in the Republic to the proper level within the shortest space of time and, in the very near future, beginning with this year, exceed the prewar figures and reach a higher level. (*Applause.*)

It is not a matter of carrying out the demands of outside scientists, but of the cottongrowing kolkhozes cultivating their land in the same way and obtaining the same yields as the peasants of the Parizhskaya Kommuna Kolkhoz.

The situation is bad also as regards the yield of sugar beets.

In the field of livestock farming the Republic has important successes to its credit as regards increase in head of cattle and a small improvement in breeds; but it has quite little success to show in the matter of productivity, particularly as regards milch cows. The quantity of milk obtained per cow is so low that it is intolerable for our socialist economy.

It is impossible in a field like livestock farming to achieve success merely by increasing the number of head of cattle, for we do not need the heads of cattle, but produce in the shape of meat, milk, butter and wool. To get these we must more quickly improve the breeds and create the necessary conditions for them: proper tending and regular and sufficient feeding.

In order that you may realize how far you are lagging in this field I will quote the following figures: taking the Republic as a whole, the average milk yield per cow is 500 litres per annum and even less, because the average

for the Stepanovan and the Kalinino Districts ranges from one and a half to two thousand litres, and this raises somewhat the average figure for the Republic.

Many districts in the Soviet Union show an average of no less than 3,000 litres per annum, and there are many kolkhozes which get from four to five thousand litres per cow per annum. You yourselves will understand how dear it is to keep three or four cows compared with one cow which gives as much milk as these three or four.

I hope you will forgive this frank criticism from one who cannot take part in your daily work. (*Laughter and applause.*) I think that you can and must solve this problem. (*Applause.*)

Permit me to hope that the Communist Party of Armenia will succeed in rallying around itself the masses of the working people in the Republic, in training them in the Bolshevik spirit as great Stalin teaches us to, in order to eradicate nationalism from their midst, to strengthen the spirit of internationalism and the friendship and durability of the alliance with the fraternal Transcaucasian republics—Georgia, Azerbaijan, and with all the republics of the Soviet Union headed by the premier nation among equals—the Russian nation. (*Loud and prolonged applause.*)

* * *

Comrades, the great founder of our Party and of the Soviet State, V. I. Lenin, taught us that in the days of the triumph of the revolution we must never forget the unsolved problems that are on the order of the day.

We are taught this also by Comrade Stalin, who calls upon the Party and the people not to rest content with what has been achieved. There is no sadder spectacle than parties which have become conceited. Such parties are doomed. We, however, will live and win victories in struggle and labour, and it is unbecoming for us to get

conceited. Against the great background of our flourishing national economy the dark patches of our defects and shortcomings stand out with greater distinctness and relief.

Our people are becoming more and more impatient with the defects and mistakes in the work of the organs of the Soviet State, and with those who, bound by office routine and red tape, repress the initiative of the people.

The Soviet people are today more united around their great Party than they have ever been before. It is with the joyous consciousness of having fulfilled their duty and with just pride in the flourishing condition of their country that the Soviet people will go to the ballot box. When voting for the tried and tested bloc of the Communists and non-Party masses, they will vote for the further efflorescence of their great Motherland, for the achievement of the great aim of building Communism, for world peace, for the great Bolshevik Party which has been steeled in historic battles, for the great architect of communist society, Comrade Stalin. (*Loud and prolonged applause. All rise.*)

We are going to this election with great victories of world-historical importance to our credit. Voters may be sure that, under Comrade Stalin's leadership, the bloc of the Communists and non-Party masses will come before the electors at the next general elections with even greater achievements to its credit than at the present election. (*Loud applause.*)

Long live the Stalin bloc of Communists and non-Party masses!

Long live our Socialist Motherland!

Long live the genius, the continuator of great Lenin's immortal cause—great Stalin! (*Loud and prolonged applause rising to an ovation.*)



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